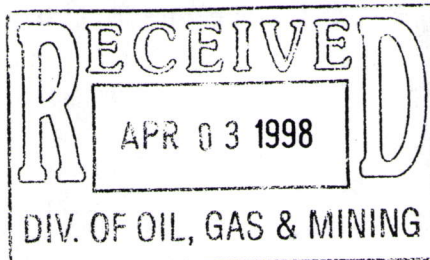


FORM MR-RC
Revised June 10, 1996
RECLAMATION CONTRACT



File Number M/031/002

Effective Date 4-22-98

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/031/002</u>
(Mineral Mined)	<u>Clay</u>
"MINE LOCATION":	
(Name of Mine)	<u>Koosharem</u>
(Description)	<u>Seven miles westerly from</u>
	<u>Greenwich, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>6.5</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Paradise Management, Inc.</u>
(Address)	<u>905 North Main</u>
	<u>Fillmore, UT 84631</u>
(Phone)	<u>(435) 743-5848</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

None

(Address)

(Phone)

"OPERATOR'S OFFICER(S)":

Don W. Fullmer Pres.

Mark W. Fullmer VP

Arnola B. Fullmer Sec/Treas.

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank NA

Standby Letter of Credit No.

"SURETY AMOUNT":

(Escalated Dollars)

\$15,200

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Paradise Management, Inc. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/031/002 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 02/07/77, and the original Reclamation Plan dated 01/28/77. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance

with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the

parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Paradise Management, Inc.
Operator Name

By: Don W. Fullmer
Authorized Officer (Typed or Printed)

Don W. Fullmer
Authorized Officer's Signature

4-1-98
Date

SO AGREED this 22 day of April, 19 98

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY Thomas F. Lauriski for.
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

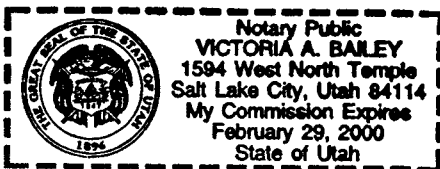
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Acting Director

4-22-98
Date

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the 22nd day of April, 1998, personally
appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~
executed the foregoing document by authority of law on behalf of the State of
Utah.



Victoria A. Bailey
Notary Public
Residing at: SALT LAKE CITY, UT

FEBRUARY 29, 2000
My Commission Expires:

OPERATOR:

Paradise Management, Inc.

Operator Name

By Don W. Fullmer - Pres.

Corporate Officer - Position

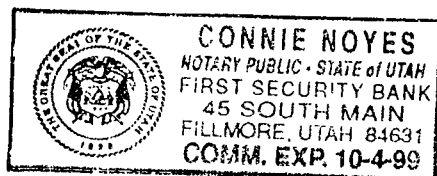
04-01-98

Date

Don W. Fullmer
Signature

STATE OF Utah)
) ss:
COUNTY OF Millard)

On the 1 day of April, 19 98, personally
appeared before me Don W Fullmer who being by
me duly sworn did say that he/she, the said Don W Fullmer
is the President of Paradise Management, INC
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
he duly acknowledged to me that said
company executed the same.



Connie Noyes
Notary Public
Residing at: Fillmore

10.4.99
My Commission Expires:

ATTACHMENT "A"

<u>Paradise Management, Inc.</u>	<u>Koosharem</u>
Operator	Mine Name
<u>M/031/002</u>	<u>Piute</u> County, Utah
Permit Number	

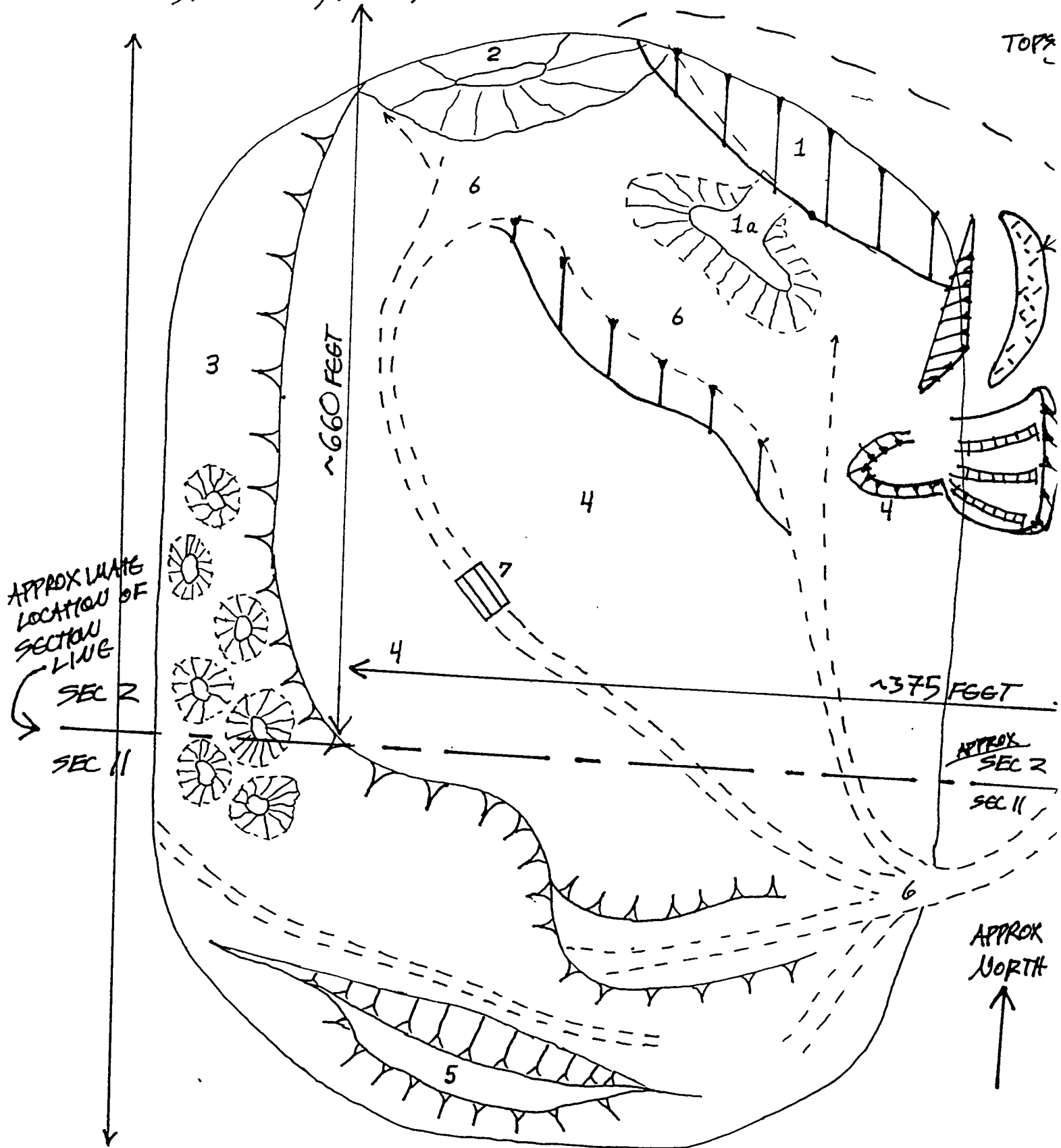
The legal description of lands to be disturbed is:

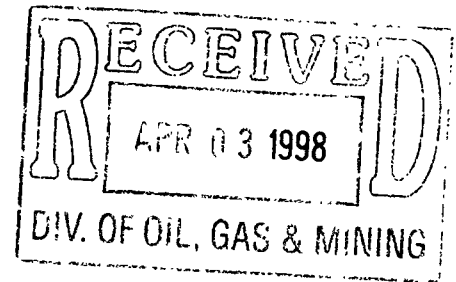
SE 1/4, SE 1/4, SE 1/4, and E 1/2, SW 1/4, SE 1/4, SE 1/4
Section 2, T27S, R2W

KOOSHARE
M/031/002

SE 1/4 SE 1/4 SE 1/4 AND
E 1/2 SW 1/4 SE 1/4 SE 1/4
SECTION 2, T27S, R2W

APPROXIMATE SITE MAP
BY DOGM 3/20/98
- NOT TO SCALE -





IRREVOCABLE STANDBY LETTER OF CREDIT NO.

ISSUED IN Salt Lake City, Utah on 02 APR 1998

BENEFICIARY:

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

APPLICANT:

Don W. Fullmer
1255 N. 1800 W.
Fillmore, Utah 84631

AMOUNT: USD ***15,200.00
FIFTEEN THOUSAND TWO HUNDRED AND
00/100 UNITED STATES DOLLARS

DATE AND PLACE OF EXPIRY:
01 APR 1999
at our counters

1. First Security Bank, N.A., ("Bank"), of Salt Lake City, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed Fifteen Thousand Two hundred in United States dollars (\$15,200.00) ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on April 1, 1999 or (b) the date upon which sufficient documents are executed by the Division to release Don W. Fullmer ("Operator") from further liability for reclamation of the Koosharem mine, mine permit # N.031.002 with notice to the Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Bank, First Security Bank, N.A., International Dept., 41 East 100 South, Salt Lake City, Utah 84111. At the Division's sole election, the Division may present sight drafts for less than the Face amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

**First
Security
Bank.**

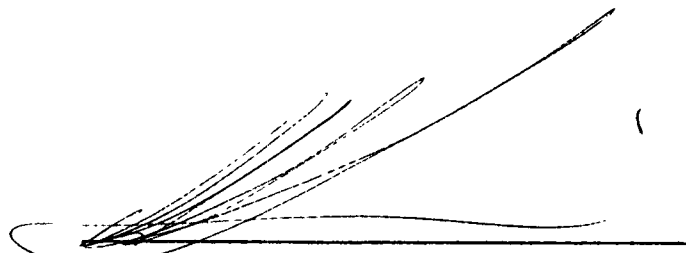
L/C #:
PAGE 2

5. If the Bank receives the Division's conforming sight draft(s) and certificate(s) as provided in Paragraph No. 4. above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the First Security Bank, N.A., International Dept., 41 East 100 South, Salt Lake City, Utah 84111, referencing Letter of Credit No.



AUTHORIZED SIGNATURE(S)



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

EXHIBIT A - SIGHT DRAFT

to

Letter of Credit Number _____

Date City, County Letter of Credit No.

PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas and Mining.

DOLLARS

TO: (Name of Bank or Surety)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

EXHIBIT B

to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. _____ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the _____ [mine], _____ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____

3:LOC